

## Message Text

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ACTION EB-07

INFO OCT-01 IO-10 ISO-00 CIAE-00 DODE-00 NSAE-00 NSCE-00

SSO-00 USIE-00 INRE-00 FEA-01 STR-04 OIC-02 AF-06

ARA-06 EA-07 EUR-12 NEA-10 AGR-05 CEA-01 COME-00

FRB-03 H-02 INR-07 INT-05 L-03 LAB-04 NSC-05 PA-01

AID-05 CIEP-01 SS-15 TAR-01 TRSE-00 PRS-01 SP-02

OMB-01 /128 W

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O 111134Z NOV 75

FM USDEL MTN GENEVA

TO SECSTATE WASHDC IMMEDIATE 759

LIMITED OFFICIAL USE MTN GENEVA 8486

PASS STR; TREASURY

OPERATIONS CENTER PLEASE CALL ROGER HEFFERAN (395-3150)  
FOR IMMEDIATE PICKUP

E.O. 11652: N/A

TAGS: ETRD, MTN

SUBJECT: SUBSIDIES/COUNTERVAILING DUTIES

1. WE UNDERSTAND THAT DURING STR MEETING WITH EC  
WASHINGTON MISSION NOV. 7, EC REP DE LANGE ASKED WHETHER  
REBATES OF INDIRECT TAXES WERE INTENDED TO BE COVERED BY  
U.S. PROPOSAL TO CATEGORIZE ALL SUBSIDY PRACTICES AND  
THAT HE WAS TOLD U.S. INTENDED SUCH REBATES WOULD BE  
COVERED BY PROPOSED PROHIBITED (RED) CATEGORY. ALSO  
UNDERSTAND AMBASSADOR YEUTTER MAY HAVE GIVEN SAME  
INDICATION TO HOUSE WAYS AND MEANS COMMITTEE ON FRIDAY.

2. MTN DEL UNAWARE OF POLICY DECISION TO LINK BORDER TAXES  
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WITH SUBSIDIES/COUNTERVAIL. ISSUE IS NOT EVEN

MENTIONED IN TPSC POSITION PAPER 75-23 (EXCEPT BY A CROSS REFERENCE TO ANNEX WHICH CITES 1955 INTERPRETATIVE NOTE CONCLUDING THAT INDIRECT TAX REBATES ARE NOT RPT NOT TO BE CONSIDERED SUBSIDIES). REBATES OF INDIRECT TAXES NOT LISTED AMONG EXAMPLES OF PROHIBITED PRACTICES ON PAGE 10 U.S. POSITION PAPER. MOREOVER MTN DEL DOES NOT READ TRADE ACT AS REQUIRING LINKAGE OF BORDER TAX ISSUE WITH SUBSIDIES/COUNTERVAIL ISSUE.

3. MTN DEL FULLY AWARE OF IMPORTANCE USG ATTACHES TO BORDER TAX ISSUE RESOLUTION. HOWEVER, WE HAVE SERIOUS RESERVATIONS ABOUT ADDRESSING THIS ISSUE IN THE CONTEXT OF SUBSIDIES/COUNTERVAIL. WE ARE, OF COURSE, PREPARED TO DO SO IF SO INSTRUCTED. BUT WE ARE CONCERNED SUCH AN APPROACH MAY COMPROMISE U.S. ABILITY TO ACCOMPLISH OUR OBJECTIVES IN BOTH BORDER TAX AREA AND SUBSIDIES/COUNTERVAIL AREA. EACH IS A VERY DIFFICULT ISSUE. THEY HAVE BEEN TREATED SEPARATELY IN THE PAST, AND IN OUR JUDGMENT, SHOULD CONTINUE TO BE TREATED SEPARATELY. CERTAINLY WE CAN DISCUSS OUR DESSATISFACTION WITH THE DISTINCTION BETWEEN DIRECT AND INDIRECT TAX REBATES AND THE GENERAL SUBJECT OF U.S. INTERESTS IN BORDER TAX AREA, BUT WE BELIEVE IT UNDESIRABLE TO FORMALLY CHARACTERIZE INDIRECT TAX REBATES AS PROHIBITED SUBSIDIES UNDER U.S. PROPOSAL.

4. OUR IMMEDIATE TACTICAL OBJECTIVE IN CURRENT SUBSIDIES/COUNTERVAIL MEETING IS TO GAIN PRELIMINARY ACCEPTANCE OF USG APPROACH TO SUBSIDIES/COUNTERVAIL AS SET FORTH IN CONCEPTS PAPER. INJECTING BORDER TAX ISSUE DIMINISHES SIGNIFICANTLY LIKELIHOOD OF ACCOMPLISHING THIS OBJECTIVE.

4. TREASURY DEL MACDONALD CONCURS WITH THIS CABLE, FEELING THAT DISCUSSION OF BORDER TAX SUBJECT, WHILE DESIRABLE FOR DISCUSSION SOMEWHERE, SHOULD NOT BE TAKEN UP NOW. STATE DEL BARRACLOUGH ALSO CONCURS. USDA DEL (HUDSON) AND COMMERCE DEL (CRAVEN) CONCUR MTN DEL NEEDS GUIDANCE.

6. REQUEST GUIDANCE SOONEST.WALKER

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** POLICIES, COUNTERVAILING DUTIES, SUBSIDIES, MEETING PROCEEDINGS  
**Control Number:** n/a  
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**Draft Date:** 11 NOV 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Authority:** CunninFX  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Document Unique ID:** 00  
**Drafter:** n/a  
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**Executive Order:** N/A  
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**Film Number:** D750391-0927  
**From:** MTN GENEVA  
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**Image Path:**  
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**Office:** ACTION EB  
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**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
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